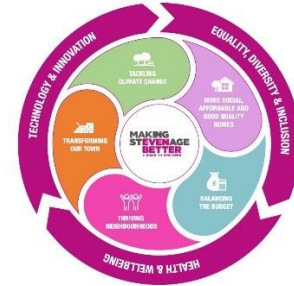


Meeting CABINET
Portfolio Area RESOURCES and TRANSFORMATION
Date 11 December 2024



COUNCIL TAX BASE 2025/26

KEY DECISION

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1. PURPOSE

1.1 To seek members approval of the Council Tax Base for 2025/26.

2. RECOMMENDATIONS

2.1 In accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by Stevenage Borough Council for the year 2025/26 will be 29,154.9 equivalent "Band D" properties, reduced to 28,571.8 equivalent "Band D" properties after making allowances for a 98.0% collection rate.

2.2 The 2025/26 Council Tax Base is approved subject to any changes made to the Council Tax Support Scheme (CTS) for 2025/26. The Cabinet approved the CTS scheme at its meeting on 13 November 2024.

3. BACKGROUND

- 3.1. Under the provisions of the Local Government Finance Act 1992 as amended by legislation, local authorities are required to notify preceptors and levying bodies of their Council Tax Base for the forthcoming financial year. The notification must be made between the 1 December and the 31 January.
- 3.2. The Council has a statutory duty to make a resolution in respect of the Council Tax Base before the precepting and levying bodies are notified.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. Taxbase

- 4.1.1. The actual number of domestic dwellings in the Borough, shown in the Valuation Officers list on 15 September 2024 was 38,395, compared to 38,213 as at 11 September 2023, an increase of 182 properties.
- 4.1.2. For each of the Council Tax bands, the tax base figure is the sum of actual dwellings on the valuation list, adjusted for estimated, newly constructed dwellings, exemptions, disabled reductions and discounts, (including the Council Tax Reduction Scheme discounts), to arrive at the net number of chargeable dwellings for each band. The projections for 2025/26 include known construction numbers planned, giving a total of 208 (pro rata), new homes for 2025/26 with the majority being band C properties.
- 4.1.3. This net figure is then multiplied by the relevant proportions for the particular band (e.g. Band A is 6/9 in relation to Band D) in order to convert it to the estimated number of equivalent "Band D" properties for each band.
- 4.1.4. The relevant proportion for each band are:

| Band | Charge ratio | Valuation (at 1/1/91 prices) |
|------|--------------|----------------------------------|
| A | 6/9 | Up to £40,000 |
| B | 7/9 | Over £40,000 and up to £52,000 |
| C | 8/9 | Over £52,000 and up to £68,000 |
| D | 9/9 | Over £68,000 and up to £88,000 |
| E | 11/9 | Over £88,000 and up to £120,000 |
| F | 13/9 | Over £120,000 and up to £160,000 |
| G | 15/9 | Over £160,000 and up to £320,000 |
| H | 18/9 | Over £320,000 |

- 4.1.5. These "Band D" equivalents are aggregated to give the total number of the equivalent "Band D" dwellings for the authority as a whole. For Stevenage this

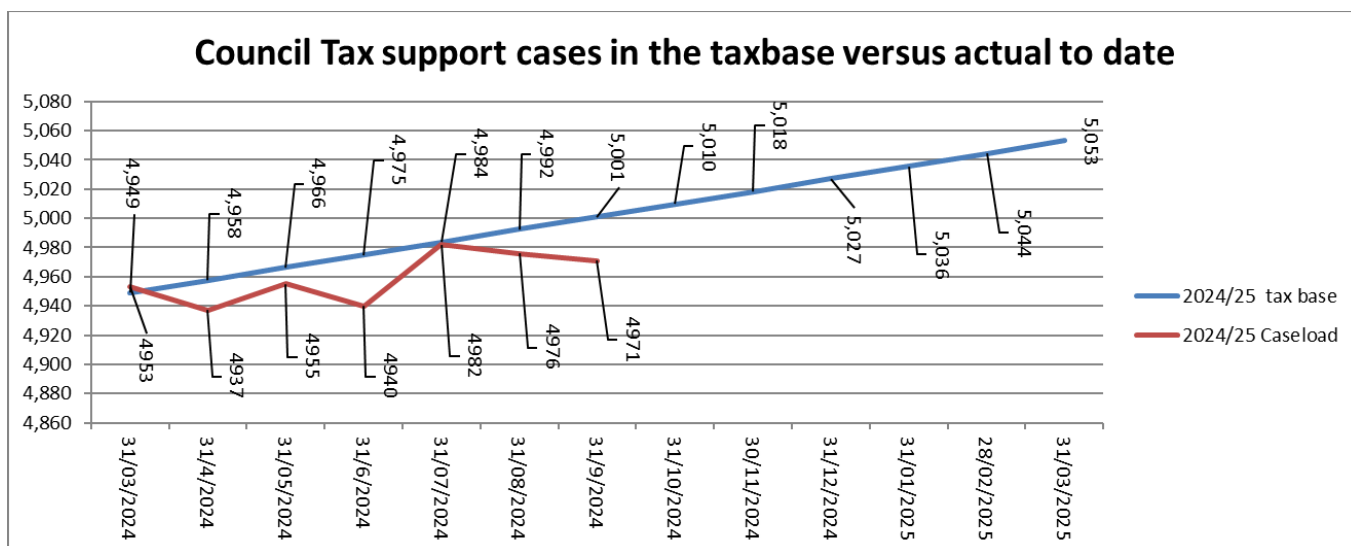
is 29,154.9 dwellings, which is less than the actual number of dwellings because the majority of dwellings in Stevenage are in Band C.

- 4.1.6. Stevenage Borough Council is the billing authority for all council tax in the Borough but does not keep the majority of council tax raised. The 2023/24 and 2024/25 amounts and percentage shares for the County Council, the Police and Crime Commissioner and Stevenage Council are shown in the chart below (based on Band D).

| Authority | 2023/24 | 2024/25 | Charge Per day | Increase | Share |
|------------------------------|------------------|------------------|----------------|--------------|-------------|
| Hertfordshire County Council | £1,605.63 | £1,685.75 | £4.62 | 4.99% | 77.47% |
| Stevenage Borough Council | £232.31 | £239.26 | £0.66 | 2.99% | 11.00% |
| Police Crime Commissioner | £238.00 | £251.00 | £0.69 | 5.46% | 11.53% |
| Total | £2,075.94 | £2,176.01 | £5.97 | 4.82% | 100% |

Council Tax Support (CTS)

- 4.1.7. The 2025/26 Council Tax Base proposed is based on the current Council Tax Support Scheme liability of 8.5% and as agreed at the November 2024 Cabinet. The 2024/25 taxbase had assumed a 2% projected increase in council tax support numbers as a result of changes in the local economy and growth in new properties. The chart below shows the 2024/25 tax base assumed CTS, versus the actual and shows the projected increase has not materialised to date.

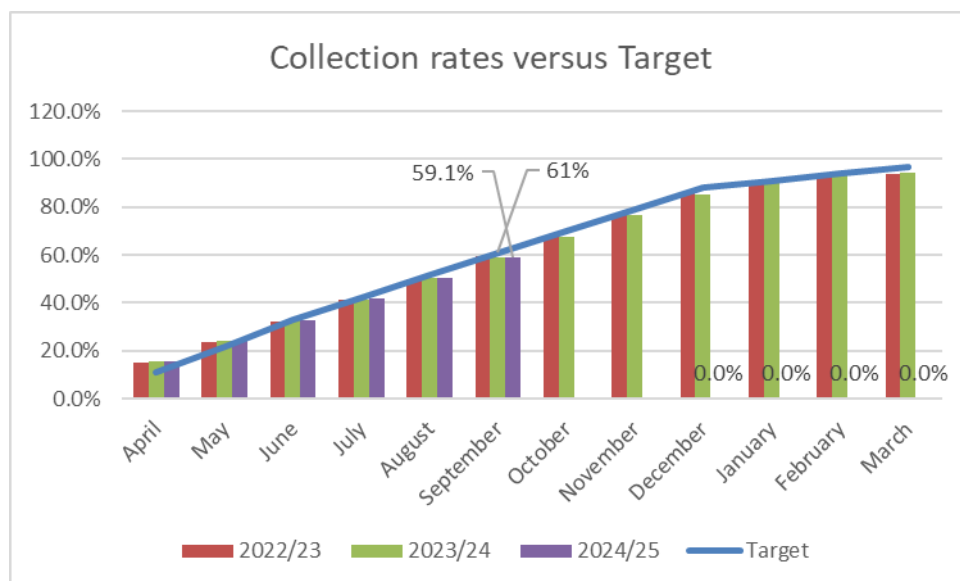


- 4.1.8. For 2025/26, it has been assumed that the CTS caseload will increase by 1%, based on previous years' data and the latest knowledge from the team on the volume of claims. The cost of CTS to the taxbase for those working and pensionable age is estimated at £6,397,988 for 2025/26, (2024/25 £6,197,146), however the County Council has the biggest cost burden for this,

as they account for 77.47% (2024/25) of the tax base with SBC at 11.00%. The average caseload level of CTS in the 2025/26 taxbase is modelled as 5,014 (based on 1 April 2025 4,989 cases increasing to 5,039 by 31 March 2026 assuming a 1% increase), versus a 4,971 total caseload for working and pensionable age claimants as at the 1 October 2024.

Collection Rate

- 4.1.9. The previous year's collection rate has remained at 98.25%. However, since COVID, the levels of debt have started to increase for Council Tax, which is similar to many councils in Hertfordshire. The Council achieves circa 98% but over a five-year period, meaning there is a risk to collection and the in-year collection rate has dropped to under 95%. Officers are looking at options to improve collection rates.
- 4.1.10. Based on the collection rate analysis and the current length of time to collect, it is proposed that the 2025/26 collection rate percentage reduces to 98%. The amount collected to 30 September was 59.1% (2023/24 59.0%, target 61.0%). The current in year collection rate is lower than the target, a 1.9% under-recovery of council tax would equate to £1.182Million for a full year, (SBC's share would be £129,975). This is not significant difference and there are other factors which influence cash collected, such as the level of properties in the taxbase and the level of discounts.



- 4.1.11. The Council Tax Base for 2025/26 after making allowances for a collection rate of 98.0% is 28,571.8 equivalent "Band D" properties. (The comparative figure for 2024/25 was 28,579.4). This is 79 Band D equivalent properties lower than the Medium-Term Financial Strategy estimate for the year or £19,286 less collectable council tax before any increase for 2025/26 is considered.

4.2 2024/25 Council Tax base versus approved taxbase

- 4.2.1 The Council approved a 2024/25 tax base of 28,579 at the 13 December 2023 Executive, which represented a 1.51% increase from the 2023/24 taxbase. This assumed projected growth of 270 new properties and a 2% increase in

Council Tax Support (CTS), however, the tax base currently remains below the approved 2024/25 tax base due to several factors:

- New properties have not come online as quickly as projected. This is due to a combination of delays in construction and the Valuation Office (VO) taking time to value and list the properties.
- The VO also changed how they value and band Housing in Multiple Occupation (HMO) properties. Previously, each room was considered a separate property, but now the entire property is counted as one. For example, Archways House had 16 Band A properties (one for each room), which has now been converted into a single Band C property.
- There was a slight improvement in the projection regarding the levels of CTS and its impact on the tax base. For 2024/25, the Council reduced the projected increase in CTS from 5% in 2023/24 to 2% in 2024/25. The latest forecast shows that the current levels are just below the 2% increase, which has helped mitigate the impact of the aforementioned issues.

4.2.2 To mitigate potential delays in 2025/26 new property projections, the Council has extended the expected time for new properties to come online from 3 months to 4 months. This adjustment will result in a slightly lower projected tax base in the future, with the benefits materialising in subsequent years.

5. IMPLICATIONS

5.1. Financial Implications

5.1.1. The revised taxbase will be included in the Draft 2025/26 Council Tax Setting and General Fund Report to the January 2025 Cabinet.

5.1.2. The increase in assumed property numbers and the discount assumptions including Council Tax Support (compared to 2024/25 approved taxbase) is the equivalent to a total additional 278.48 equivalent Band D properties or £66,630 before any council tax increase is considered. The reason for the increased council tax income is shown in the table below, (this is before any council tax increase for 2025/26).

| Increased income from 2025/26 taxbase compared to 2024/25 before any council tax increase | | | |
|--|-------------------------------|-------------------------------|-----------------------------------|
| | 2024/25 Estimate £ | 2025/26 Estimate £ | Increase /(decrease) £ |
| Properties numbers | 8,344,404 | 8,377,527 | 33,123 |
| Council Tax Support Scheme | (766,168) | (703,481) | 62,687 |
| Changes to other discounts & Premium | (670,448) | (698,441) | (27,993) |
| Increase in bad debt 2% | (120,886) | (122,073) | (1,187) |
| Total | £ 6,786,902 | £ 6,853,532 | £ 66,630 |

5.2. Legal Implications

5.2.1. The legal implications are in the body of the report.

5.3. Policy Implications

5.3.1. None.

5.4. Equal Opportunities Implications

5.4.1. There are no direct equality and diversity implications arising from the recommendations in this report.

5.5. Risk Implications

5.5.1. The assumptions made are reasonable at the current time but, if the level of anticipated growth in the 2025/26 Tax Base is not realised and/or the council tax support caseload increases, there could be an in-year deficit on the Collection Fund.

5.6. Climate Change Implications

5.6.1. None.

BACKGROUND DOCUMENTS

BD1 – Council Tax Support Scheme

APPENDICES

Appendix A 2025/26 Council Tax Base